

## AMENDMENTS TO THE CLAIMS

Claim 1: (currently amended) A method of conducting an online auction between a controlling party and at least two competing participants, the method conducted within a computer network comprised of at least one controlling party computer, an administrator computer, and a participant computer associated with each of the at least two competing participants, the method comprising:

- (a) setting, using an administrator computer, a reserve price for the online auction;
- (b) conducting, using the administrator computer, the online auction between the at least two competing parties;
- (c) determining, using the administrator computer, whether a predetermined time trigger has been reached;
- (d) in response to a determination that the reserve price has not been reached when the predetermined time trigger has been reached, determining, using the administrator computer, whether the controlling party has selected to enter a reserve price negotiation phase, and revising the reserve price for that reserve price negotiation phase;
- (e) accordingly, extending the online auction, using the administrator computer, into a reserve price negotiation phase based on the revised reserve price;

wherein the auction involves the award of a supply contract to a supplier selected from a panel of predetermined suppliers which each have a base supply contract with the buyer, and the computer network over which the online auction is carried out comprises at least one buyer computer, an administrator computer and at least two supplier computers, the method including the steps of:

establishing key parameters for a bill of materials BOM to be submitted by the administrator computer to the at least two supplier computers;

establishing a rating for each supplier of the panel of predetermined suppliers related to said key parameters;

receiving offers during the auction from the supplier computers of suppliers;

applying the respective rating to offers received by the administrator computer from the supplier computers to adjust that offer prior to comparison of that offer with any other offer,

wherein each supplier is provided with a current bid to win (CBTW) in respect of the supply contract, the CBTW calculated by said administrator computer to dynamically indicate to a supplier an offer that that particular supplier must submit to remain competitive in the auction, and

wherein the CBTW for a supplier is calculated in accordance with the formula:

$$\text{CBTW}_{x_m} = \text{FB}_{n-1} - (\text{MD} / \text{SF}_x)$$

where x indicates a particular supplier X; m indicates that particular supplier's bid number; n indicates the overall bid number (ie 1<sup>st</sup> bid: n= 1; 2<sup>nd</sup> bid: n=2;etc); FB indicates a factored bid for said particular supplier; MD indicates a set minimum bid decrement; and SF is the supplier factor set in accordance with said supplier rating.

Claim 2 (previously presented): The method of claim 1, wherein the online auction is a reverse auction involving a buyer and multiple sellers, and the controlling party is the buyer.

Claim 3 (previously presented): The method of claim 2, wherein the revising of the reserve price involves setting a higher reserve price.

Claim 4 (cancelled):

Claim 5 (cancelled):

Claim 6 (previously presented): The method of claim 1, including the additional step of  
(f) accepting, at the close of the reserve price negotiation phase, an offer received during said phase that satisfies the revised reserve price.

Claim 7 (previously presented): The method of claim 1, wherein said predetermined time trigger is the expiry of a set period of the auction.

Claim 8 (previously presented): The method of claim 1, wherein said predetermined time trigger is fixed in accordance with dynamic rules operating during the auction.

Claim 9 (previously presented): The method of claim 1, wherein said predetermined time trigger is set in accordance with the completion of an extension period triggered by a prescribed event in the course of the auction.

Claim 10 (previously presented): The method of claim 1, wherein steps (b) to (d) are repeated such as to invoke a succession of two or more reserve price negotiation phases.

Claim 11 (cancelled):

Claim 12 (previously presented): The method of claim 1, wherein the BOM includes a time period for submissions of offers by said suppliers, this time period being extendable to enable submission of an improved final offer from at least some of the supplier computers from which offers were received.

Claim 13 (previously presented): The method of claim 12, wherein said optional reserve price negotiation phase has a set duration, this duration being extendable to enable submission of an improved final offer from at least some of the supplier computers from which offer messages were received during the reserve price negotiation phase.

Claim 14 (cancelled):

Claim 15 (cancelled):

Claim 16 (previously presented): The method of claim 1, wherein the factored bid is calculated in accordance with the formula:

$$FB_n = SBx_n + (MD / SFx) - MD$$

where SB is a submitted bid.

Claim 17 (previously presented): The method of claim 1, including the step of comparing the revised reserve price with offers previously received during the auction, to which offers said rating has been applied, before the reserve price negotiation phase is commenced.

Claim 18 (previously presented): The method of claim 1, including the step of calculating, for each supplier, a CBTW based on a measure of the revised reserve price to which a respective supplier rating has been applied.

Claim 19 (currently amended): A system for conducting an online auction between a controlling party and at least two competing participants, comprising:

setting means for setting a reserve price for the auction;

comparison means for comparing a measure of each offer received during the auction from said at least two competing participants;

first determining means for determining whether a predetermined time trigger has been reached;

second determining means for determining, responsive in response to a determination that the reserve price is not reached at that time, whether the controlling party has selected to enter a reserve price negotiation phase, the setting means responsive to said second determining means to revise the reserve price for that reserve price negotiation phase; and

means, responsive to said second determining means, for allowing extension of the auction into a reserve price negotiation phase based on the revised reserve price; and

wherein the auction involves the award of a supply contract to a supplier selected from a panel of predetermined suppliers which each have a base supply contract with the buyer, and the computer network over which the online auction is carried out comprises at least one buyer computer, an administrator computer and at least two supplier computers, further comprising:

establishing means for establishing key parameters for a bill of materials BOM to be submitted by the administrator computer to the at least two supplier computers;

rating means for establishing a rating for each supplier of the panel of predetermined suppliers related to said key parameters;

receiving means for receiving offers during the auction from the supplier computers of suppliers;

applying means for applying the respective rating to offers received by the administrator computer from the supplier computers to adjust that offer prior to comparison of that offer with any other offer,

wherein each supplier is provided with a current bid to win (CBTW) in respect of the supply contract, the CBTW calculated by said administrator computer to dynamically indicate to a supplier an offer that that particular supplier must submit to remain competitive in the auction, and

wherein the CBTW for a supplier is calculated in accordance with the formula:

$$CBTW_{xm} = FB_{n-1} - (MD / SFx)$$

where x indicates a particular supplier X; m indicates that particular supplier's bid number; n indicates the overall bid number (ie 1<sup>st</sup> bid: n= 1; 2<sup>nd</sup> bid: n=2;etc); FB indicates a factored bid for said particular supplier; MD indicates a set minimum bid decrement; and SF is the supplier factor set in accordance with said supplier rating.

Claim 20 (previously presented): The system of claim 19, including means for causing or permitting acceptance of an offer at the end of the reserve price negotiation phase if the offer satisfies the revised reserve price.

Claim 21 (previously presented): The system of claim 19, the online auction involving the award of a supply contract to a supplier selected from a panel of predetermined suppliers which each have a base supply contract with the buyer, the computer network over which the online auction is carried out comprising at least one buyer computer, an administrator computer and at least two supplier computers, further comprising:

rating means for establishing a rating for each supplier depending on key supply parameters, and

applying means, associated with the administrator computer, for applying the rating to any offer received by the administrator computer from the supplier computer of that supplier to

adjust that offer prior to comparison with other offers and/or with the revised reserve price during the reserve price negotiation phase.

Claim 22 (previously presented): The system of claim 21, including means for providing each supplier with a current bid to win (CBTW) in respect of the supply contract, the CBTW calculated by said administrator computer to dynamically indicate to a supplier an offer that that particular supplier must submit to remain competitive in the auction.

Claim 23 (previously presented): The method of claim 1 including, for the reserve price negotiation phase, providing to each competing participant an indication of the revised reserve price.

Claim 24 (previously presented): The method of claim 1, wherein the key parameters established are selected from the group of price, quality, delivery, and service.

Claim 25 (previously presented): The system of claim 19, including means for, for the reserve price negotiating phase, providing to each competing participant an indication of the revised reserve price.